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ABSTRACT

State policies developed since 1960 that affect independent higher education are reviewed in light of new social, demographic, political, and economic conditions. It is proposed that policy formation should be guided by two factors: the general state objectives for postsecondary education, and the role intended for independent institutions in meeting them. Examples are given of statewide planning systems that emphasize the quality of the relationship between state government and the independent sector. Five relevant state planning issues are identified and discussed: (1) the fiscal relationship between state government and independent institutions; (2) resource sharing between public and independent sectors; (3) the independent sector's involvement in policies relating to adult education; (4) policies relevant to the role and scope of institutions as they relate to the nonpublic sector; and (5) declining enrollments. The appropriate state role in financing the independent sector is examined, with reference to student aid, direct institutional support, and the issue of accountability. A list of references is included. Appended is an outline of support for independent higher education by the individual states, divided into these categories: direct institutional aid for undergraduate education, categorical and noncategorical; student assistance to independent college students (need-based and non-need-based listed separately), and student assistance for state and independent college students (primarily need-based). (MSE)

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STATE POLICY ISSUES AFFECTING INDEPENDENT HIGHER EDUCATION

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Western Interstate Commission for Higher Education

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STATE POLICY ISSUES AFFECTING INDEPENDENT HIGHER EDUCATION[1]

Introduction

States have been active in developing policies with respect to the nonpublic sector of postsecondary education since about 1960. Those policies should not be perceived as static. The social, demographic, economic, and political environment in which they have been developed is anything but static. In this context, reconsideration of state policies relating to independent higher education is particularly appropriate. Those policies should be reconsidered in light of those conditions.

Nonpublic higher education includes all institutions of higher education that are not primarily funded by government appropriations or controlled by publicly appointed boards. The nonpublic sector embraces both private-independent and "proprietary" profit making institutions. This paper is primarily about policies relating to the independent sector. Specific reference will be made to nonpublic or proprietary where appropriate.

State Interest and Independent Higher Education

All states but one support independent institutions or students attending them. This is ample evidence of state interest in the independent sector. In some states, such support takes several forms. The bedrock of state policy must be a clear understanding of the state goals for postsecondary education, and the contribution that independent institutions make toward the achievement of those goals. Higher education policies are needed that consider the appropriate roles of public, independent and proprietary institutions.

The two key questions that should guide the development of such policies,

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[1]A paper presented at the Florida State Conference on Aspects of State Policy and Postsecondary Education (Orlando, Florida -- November 30 and December 1, 1979): The Relationship of the Nonpublic and Public Sectors. I am indebted to the sponsors of that Conference, and especially to Robert B. Mautz, Regents Professor, University of Florida, and Charles B. Reed, Educational Planning, Budgeting and Evaluation Director, Florida Department of Education, for permission to revise and publish this paper. I'm also indebted to John Folger of the Education Commission of the States, and Jim Olliver, Project Co-Director of the State-National Information Network of NIICU, for help at several points in its development.

as they affect independent higher education are:

- What are the general policy objectives for postsecondary education within the state?
- What is the role of independent colleges and universities, and how do they contribute to the accomplishment of those objectives?

From that perspective there are really no policies toward the independent sector, but only state policies that affect independent higher education. The well being or the survival of individual institutions, or even an entire segment of institutions is not the primary focus of policy development, but only the secondary result of policies primarily intended to achieve the established goals for postsecondary education--the provision of educational opportunity of high quality; assuring equity, diversity, and efficiency.

Assessing the contributions made by the independent sector to the achievement of those goals requires detailed knowledge of its size, nature, role, complexity, and health, as well as recognition that its contribution changes over time. For example, in times of rapid enrollment growth the independent sector may make a contribution to public goals of absorbing additional students with minimal state support, a contribution that may be less significant in times of declining enrollment. With the foregoing points in mind, I would like to talk about three sets of policy issues: planning issues, financing issues, and accountability.

Statewide Planning and Coordination, and the Involvement of the Independent Sector

The independent sector has been effective in securing beneficial policies through the legislative process. Increasing competition in higher education for students and resources, and increasing demands for accountability from the public and from political leaders, will surely mean increases in the bureaucratic structures responsible for planning, coordinating, and regulating of postsecondary education. This means that the independent sector will need to develop the same capacity for working with such structures as it has developed for working with legislatures and governors.

The ability of the independent sector to work effectively with state government depends, of course, on the character, responsibility, and authority of the state structure, but it also depends upon the way in which the independent sector is organized. Let me make several points about that organization:

1. Associations representing independent institutions must be willing to invest organization and energy in developing relationships with state structures.

2. Statewide agencies and institutional associations must recognize the importance of both formal and informal working relationships.

3. Care should be taken to provide appropriate representation (through membership, observers, or staff liaison) in the work of coordination and planning, whether that takes place at the level of the board, its committees, or its staff.

4. This means that the independent sector must be well organized not only to provide such presentation, but also to provide the extensive data collection and position articulation that supports it.

Jay Chronister of the University of Virginia has recently surveyed state postsecondary agencies and associations of independent institutions about their planning relationships (Chronister, 1978).[2] The survey returns emphasize the importance of the quality of those relationships. This places responsibility on both state agencies and associations to work seriously to develop positive and productive relationships.

In California, the relationships between the independent sector and the state (and state-supported institutions) can be illustrated by the cooperation of the independent sector in establishing the basis for higher education planning in the state, and in developing an effective and well-supported state program of student financial aid. The Master Plan Survey Team that directed the development of the The Master Plan for Higher Education in California, 1960-75 (Master Plan Survey Team, 1960) was chaired by Arthur Coons, President of Occidental College, who also served as the first chairman of the Coordinating Commission that was recommended by the Master Plan. That Commission was succeeded, in 1974, by the current California Postsecondary Education Commission, a lay board, with a Statutory Advisory Committee that includes a representative of the independent sector. Through this committee, representatives of the independent sector "meet with the Commission director in advance of every meeting of the Commission. They review each agenda item, help plan future work, and are kept up to date on all important Commission matters." Because of this, and because of representation on an ad hoc committee considering policies that affect the independent sector, the independent sector in California "is well informed and has been involved in everything it wanted to be a part of" (Odell, 1978).

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[2]For a complete discussion of the structural arrangements involved in the participation of the independent sector in the planning process, as well as the specific planning issues involved, see the Chronister paper. I have tried, through presenting several specific examples, to illustrate those arrangements and issues.

The California Postsecondary Education Commission is charged with the responsibility of generally monitoring the condition of the independent sector, especially with respect to its effective utilization in the public interest, and has been supportive of the State Student Aid program as a means of providing adequate choice for California students of appropriate public or independent institutions (California Postsecondary Education Commission, 1978).

Because of the complexity of the analysis of an issue such as financial aid in a state as large as California, the independent sector, through the Association of Independent California Colleges and Universities, has had to expand its data collection capability, in order to respond to the data requirements both of the legislature and the Postsecondary Education Commission. It seems fairly clear that expansion of this capability has benefited the independent sector, both in effectiveness of its relationships with governmental structures, and in the specific policies developed by those structures.

In New Jersey, the Board of Higher Education, which has a majority of lay members, includes a representative of the independent sector of higher education, designated by the Association of Independent Colleges and Universities in New Jersey, with the approval of the Governor. The Board itself has an office responsible for its relationships with independent institutions, and state dollars support independent higher education through a program of student aid, and a program of institutional aid (State Program for Utilization of Resources) authorized under the Independent College and University Utilization Act. These practices have facilitated harmonious relationships between the state agency and the independent sector. The independent institutions have cooperated with the Board in its efforts to develop revisions to the institutional aid program. In their present form, those revisions tie the program of aid to independent institutions directly to state support of its public institution, on a per-student basis. Because of the cooperative working relationships between the State Board and the independent sector, presumably those recommended revisions will reach the legislature with the united support of both. Accountability is achieved through broad monitoring of the audit reports of the independent institutions to assure the appropriate utilization of these state dollars.

In addition to the power to license all degree-granting institutions, the New Jersey State Board reviews new programs proposed by the independent institutions (with the exception of nine institutions founded prior to 1887) and the State Board also participates in the regional accreditation of institutions through staff representation on visiting accrediting teams.

In Maryland, where state policies provide effective support to independent institutions, there is an extensive network of relationships between the State Board of Higher Education and the Maryland Association of Independent Colleges and Universities--through formal membership on the "segmental advisory committee" to the Board, as well as committees and task forces at every level

of policy development and decision making. These formal and informal arrangements appear to have engendered cordial working relationships between the State Board and the Association.

In Texas, the coordinating Board has a legislative mandate to take the independent sector into consideration in its planning and policy making. The Executive Council of the Independent Colleges and Universities of Texas serve as an advisory committee and ad hoc committee. For example, regional councils were mandated by the Coordinating Board to coordinate and regulate extension and off-campus activity in the public sector, and representatives of the independent sector sit in on the deliberations of these councils. In its representation to the legislature, ICUT has worked closely with the Coordinating Board, so that independent sector positions are presented to the legislature with Coordinating Board support, or at least knowledge. This relationship appears to have been strengthened through harmonious relations between public and independent sectors. A 1978 "Statement of Concerns for Texas Higher Education" issued by the Association of Texas Colleges and Universities (1978) (with representation from all institutions of private and public higher education) identified as the first of a series of major issues confronting Texas colleges and universities, the issue of "broad-based support for the state's independent (sector)" and call for increases in the Texas tuition equalization program and for the adoption of a program of contacts between the state and independent colleges and universities.

I am convinced that, in the future, these relationships (both with the state postsecondary agency and the public sector) will be an indispensible prerequisite to effectiveness at the legislative level. I emphasize these planning relations also because I believe that many of the central issues of the next few years for the independent sector will be essentially planning issues. Let me illustrate this point by mentioning four of these issues.

Planning Issues Relating to the Independent Sector

First, to what extent should the nonpublic sector be involved in the statewide review of new and existing programs? This is a complex issue, involving the purpose of such reviews, the nature of existing arrangements for program review, the authority of the agency that carries out the review, and the extent to which the independent sector enjoys the support of the state. Where the purpose of program review is to insure the quality of the state's resources for higher education, and the efficiency with which they are utilized, the involvement of the independent sector in that activity may be appropriate. If the independent sector is seen as contributing to the achievement of state goals for postsecondary education, its resources should be considered when developing programs in public institutions.

Program review has become an important tool to insure statewide coordination and regulation of higher education. It is likely to become more widespread and more effectively used. The independent sector needs to grapple with the inconsistency (from the standpoint of state policy) of an independent sector operating largely according to free market principles, and a public sector operating under the constraints of central control or regulation. (I realize that this does not accurately describe the existing situation in any state.) If the independent sector seeks some of the benefits of centralized planning (through student aid policies and decisions constraining public sector growth), it must be prepared to concede some of its freedom to operate in the higher education market, and clearly understand the trade-offs that will be made if the independent sector is to benefit from increased coordination of all of higher education. The Carnegie Council of Policy Studies in Higher Education put these trade-offs this way: "The public sector, of course, has to expand and must be free to expand. However, some consideration must be given to the impact on private institutions, and particularly when facilities are duplicated, often at far greater public cost. Consequently, we believe that public policy should require advance consideration on the impact of a new location, new program, or expanded program at an old location by a public institution or nearby private institution (and vice versa) before a final decision is made. One way to ensure such consideration is to make the private segment a participant in all planning processes, as most states do now, although sometimes quite ineffectively" (1977, p. 51). Efforts must be made to ensure that planning and decision making are conducted by a truly neutral and objective agency.

I recognize that the fiscal relationship between state government and independent institutions--the extent to which state appropriations support these institutions or their students--is an important factor in decisions about the role of the independent sector in program review.

A second planning issue is, how can resources be shared among public and independent sectors? Several states (including Connecticut, Pennsylvania, Virginia, and Florida) provide for contracts between the state and independent institutions to develop services that meet public needs by utilizing the facilities of nonpublic institutions.

In spite of those arrangements, genuine resource sharing between public agencies or institutions and nonpublic institutions can hardly be called extensive. If state policies facilitate such practice, both legislation and administering these contractual arrangements can bring this about by imaginatively seeking opportunities for efficient use of state resources through means of such contracts.

Issue three: How will the independent sector be involved in policies relating to the provision of learning opportunities for adults? Because of the decline in the size of the traditional college-aged population, increased attention has been placed on "nontraditional" clientele and "nontraditional"

modes of delivery of instructional services. If the pattern of subsidies for these activities in public institutions is changed, then that will affect the way in which the resources of nonpublic institutions are used to render these services. Few new policies have been developed that effectively settle the questions of financing, allocation of function, allocation of "territory", and control of quality, in the provision of learning opportunities for adults. The development of such policies needs to involve the entire nonpublic sector and take its resources into consideration.

Issue four: How should policies relating to the role and scope of institutions accommodate the nonpublic sector? Historically, most of this type of planning--master planning--has concerned public institutions. If state policy considers a "system" of postsecondary oppportunity, some of which is provided by independent institutions--then the incorporation of the independent sector in role and scope planning should follow. This is not a bland and inconsequential exercise. Role and scope planning will grapple with some of the toughest issues of the steady state, because, if done correctly, it will involve serious institutional redefinition of mission. Obviously, the link between such planning and institutional response will be stronger and more direct in the public sector than the independent. But the policy recommendations made by resolute and imaginative postsecondary planning agencies to independent institutions, and the inducements provided to follow those recommendations, may be one of the most effective future devices to improve resource utilization in the total "system" of postsecondary education.

Issue five: Dealing with declining enrollments. For twenty years or so state planning efforts emphasized growth and responses to growth. Now, as the traditional college-age population declines in size, a new set of issues emerges. These issues include: How should the state deal with the closing of public or independent institutions? How should the state regulate efforts to replace traditional enrollments with nontraditional (e.g., part-time adults) enrollments, or through nontraditional means (off-campus programs, credit for life experience)? How should tuition policies or financial aid policies be changed to reflect smaller numbers of potential students? What cooperative activities should be encouraged as a response to shifts in enrollments or shifts in student demand among programs? All of these issues intimately involve the interests of the independent sector, the relationships between the public and private sectors, and the way the <u>public</u> interest is served by the resources of the independent sector.

The work done by Chronister clearly demonstrates that there is enormous variety among the states in the extent to which the independent sector is involved in postsecondary education planning, that the extent of such participation varies with the individual issue or activity, and that the extent to which participation is seen as satisfactory or productive also varies.

It is clear that the general level of activity identified with planning and coordinating will increase. It is equally clear that state capacity for sophisticated analysis in the resolution of policy issues will increase, and that effective participation of the independent sector in the planning and policy making process will necessitate rapid development of its capacity for collecting and analyzing policy-relevant information.

Of course, by far the most important planning "issue" is the question of whether, how and to what extent the state provides financial support for the nonpublic sector. Let us consider that now.

What is the Appropriate Role of the State in the Financing of Independent Institutions?

States employ several methods to support independent institutions or the students attending them. The most current surveys by ECS (Higher Education in the States, 1978) and the National Association of State Scholarship and Grant Programs (1978) indicate that every state with an independent sector operates, at the least, a student aid program for students attending independent institutions. (In 22 states, these grants can be used to attend proprietary institutions). Nine states have programs of general purpose direct institutional aid to independent institutions and in three more states institutional aid follows financial aid recipients. Other programs of institutional aid are categorical: for medical education, programs for disadvantaged students, contracts for specific services, and the support of specific institutions.

Student Aid. There is extensive support for need-based student aid as the primary vehicle for state support of independent higher education. The ECS Task Force on State Policy and Independent Higher Education recommended that "states give first consideration to the development of need-based student grant programs, funded at levels adequate to provide students with real choice among institutions" (Task Force on State Policy and Independent Higher Education, 1977, p. 12). Breneman and Finn, in their study for the Brookings Institution also emphasize adequate student aid grants through the coordination of state and federal programs, with the latter encouraging "increased outlays devoted to student aid. . . student choice among colleges will have been enhanced. The higher education marketplace will have become a more reliable guide to resource allocation, and those private colleges that compete successfully for students will have received public aid in a manner that minimizes the threat to their autonomy" (1978, p. 432). The Carnegie Council on Policy Studies in Higher Education also supports this view, "we place need-based student financial assistance first (among the major alternative programs for state support) because it helps both the cause of independence and the causes of access and of choice, creates a program that both the general public and public institutions can support, and intensifies constructive competition" (1977, p. 12).

Passage of the Federal Middle Income Student Assistance Act is an appropriate occasion for re-appraisal of state student aid policies. Since middle income students will now be assisted by the Basic Educational Opportunity Grants (BEOG), they can be regarded as providing subsistence for a significant portion of students. State programs can be directed at variable tuition costs. A maximum BEOG will provide an eligible student with "typical" room and board expenses at most colleges and universities. But the extent to which a state grant will then cover tuition expenses at a given independent institution varies enormously from state to state. California comes closest, with a maximum of $2700, which covers about 86 percent of "typical" tuition expenses at a California independent institution. In only two other states--Illinois and New York--does the maximum award exceed $1500. The mean award for state grant awards to students attending independent institutions in 1978-79 was $986, or about 37 percent of the average tuition at a four year independent institution. (Award data from the National Association of State Scholarship and Grant Programs, 1978; tuition data from Elizabeth W. Suchan and others, 1978).

If BEOG covers subsistence costs (depending upon need) and state grant awards can be appropriately sensitive to tuition, then additional needed student aid can come from SEOG, institutional student aid, and student self help (including loans and work-study). Thus, the new federal legislation should help state decision makers determine appropriate levels for state student aid programs, because the extended BEOG provides a more effective foundation for a comprehensive student aid "package" and liberalized Supplementary Education Opportunity Grants (SEOG), College Work-Study (CWS), and Guaranteed Students Loans (GSL) provide greater confidence that other aid, coupled with family support and self help, can complete a package whose foundation is BEOG and state student aid.

State policy makers may wish to consider the possibility that the increase in federal appropriations for student aid, and the liberalization of their eligibility rules, may make it possible for the federal-state-institutional partnership to assure, for the first time, that every eligible student has adequate financial aid to attend the institution--public or non-public--that best meets his or her needs.[3]

The procedures required to achieve this would involve:

- Calculation of the implications of new federal student aid levels, given the income characteristics of state students, and the educational charges of its institutions.

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[3]The final version of this paper was being completed as Congress was considering important policy changes in BEOG. It is not known whether those changes will become law, or, if so, what their impact will be. The potential impact would underscore the importance of state policy review.

- Determination of the unmet need that will remain after federal aid is awarded.

- Consideration of the extent to which the state program should approach that unmet need, and the fiscal impact of doing so.

This means that the central policy questions are: What should the maximum award level be, and, if all "needy" students cannot be aided, how should awards be rationed? Typical state maximum awards are between $1000 and $1500 (with the exception noted above). This covers less than half the "typical" tuition charges at independent institutions. If award levels were raised to about the average tuition at nonpublic institutions and if the total appropriations were large enough to cover all qualified students,[4] states then would be:

1. Making more efficient use of the foundation provided by federal student aid programs.

2. Providing an improved higher education "market" by reducing the distance between public and nonpublic tuitions for many students.

3. Assuring more efficient use of the resources of the nonpublic sector.

4. Assuring maximum choice, among institutions, for students at all income levels.

The maximum award level is a critical state policy decision; states should consider pegging their level to some portion of tuition costs in independent institutions. By doing so, a state is making a decision about the value and importance of student choice.

There are several other issues that involve development of effective policies of support to nonpublic institutions, or to students attending them.

The first of these issues is how should need be determined? Most states follow College Scholarship Service (CSS) or American College Testing Program (ACT) guidelines in determining need. Inadequate attention has been given to the fact that it is these schedules--because of the heavy expectations they make with respect to contributions from middle class families--that are largely responsible for the so-called middle income squeeze. David Breneman, writing in the October issue of Change magazine, said that "these financial need formulas, rather than being 'scientific' and beyond criticism are fraught with necessarily arbitrary and debatable judgments" (p. 48). It is

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[4]Jim Olliver has pointed out the political improbability, if not, impossibility, of bringing about these two conditions.

hardly necessary to abandon the concept of need-based aid in order to provide relief to middle income families with children in college. It would simply be necessary to adjust need analysis schedules to require smaller family contributions in the middle and upper middle income ranges and possibly to allow awards slightly in excess of total demonstrated need. Such programs would be as effective as tax credits and much more efficient, since there would be no additional cost to the state at lower and higher income levels. I recognize, however, that because state programs are tied in the national system, and inter-relate with need determination in the federal program, this cannot be a unilateral policy determination.

If state grant programs are aimed at widening student choice, then the eligibility of students attending proprietary institutions to receive these grants also should be considered. Because of the difficulties that beset federal programs where institutional eligibility includes proprietary institutions, any such policy should be developed with emphasis upon assuring the quality and responsibility of eligible institutions.

Should non-need based student aid (sometimes called tuition offsets) be available to aid independent higher education? Several states (including Virginia, Georgia, North Carolina, and Michigan) have now enacted programs of student aid that provide grants to students attending independent institutions irrespective of family means. Questions that should be asked before such a policy is adopted include:

1. What state objectives are met by such a program?

2. Would these grants have the effect of changing the distribution of students between public and nonpublic institutions, and among low and high cost institutions? How high would subsidies need to be in order to have these effects?

3. Would students from higher income families benefit from such programs more than students from lower income families?

4. If benefits flowed predominately to higher income students, would tuition offsets permit independent institutions to concentrate their recruitment efforts on students from more affluent families, and would this be consistent with state policies with respect to access?[5]

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[5]Some would argue that access is no more important than choice. The public policy priority on the part of the states and the federal government has clearly been universal access to postsecondary education. The question of choice is subject to the considerations of cost and targeted groups.

5. Would these grants be perceived as a way of indirectly providing cost of education subsidies to independent institutions, of a sort provided to public institutions, and if that is so, would it be preferable to provide such subsidies directly to institutions?

6. Most importantly, if such subsidies are intended to improve student choice, and students are aided who would have attended their institution in any case, is the cost producing important benefits to the state?[6]

Direct Support to Independent Institutions. Seven states provide direct, general support to independent institutions. Five more states use contracts as a vehicle for general institutional support, or for support related to enrollment of low income students. A number of other states provide categorical institutional grants. Such programs demonstrate the importance to the state of the survival and quality of the independent sector as well as the contributions made by certain specialized programs. These programs may also signify an emphasis upon centralized higher education planning instead of what I would call a "fair" market approach. Institutional aid programs must be carefully based upon an understanding of the way in which the independent sector contributes to the achievement of state purposes for higher education, upon a detailed understanding of the nature of the independent sector, and upon its general and fiscal well being.

A couple of concluding words about programs of support. The composition of an aid program should be based squarely upon a clear understanding of state goals with respect to postsecondary education, and the role independent institutions play in achieving them. Because these two elements differ from state to state, there is clearly no prescription that could guide state policy makers in developing an adequate mix of programs.

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[6]Raising these questions for non-need based grant programs is not meant to imply that they should not be raised in relation to need based programs as well. To subject all governmental programs and practices to a continuing review of their achievement in light of goals is surely sensible.

Jim Olliver has also pointed out that the matter of public sector tuitions is not raised in this discussion. Tuition policy in the public sector obviously has an impact upon the independent sector. That impact is not a primary consideration in establishing tuition levels in the public sector. But, policy development should not ignore the relationship between public and private tuition levels and the effect subsidies have on that relationship. Nor should such policy development fail to raise the same question relative to low-tuition policies as I have suggested in the case of "tuition offsets."

Effective student aid programs are, appropriately, the keystone of most state policies. Student aid enhances opportunity by widening student choice. Adequately financed student aid programs, with high enough award ceilings are clearly effective--for example, in California, New York, and Illinois, in providing access to independent institutions for students from lower and middle income families, and, as a consequence, contributing to institutional health.

Accountability

The recognition of the public function served by the nonpublic sector of higher education, as well as increased governmental support, inevitably means that nonpublic institutions will more and more be accountable to state agencies, for their performance and for their use of tax funds.

Earl Chiet said recently, "it cannot be assumed that dual standards of accountability will survive indefinitely with public funds to the private sector."

The policy questions involved are:

1. Who will monitor the accountability of the independent sector? ECS recommends, quite appropriately, that the responsibilities be vested in the state agency for postsecondary education.

2. Should accountability to the state be broader than accountability for responsible use of funds? The argument of public functions made by the independent institutions themselves may also carry the conclusion that the institutions need to be accountable, in a general way at least, for all their resources used in serving the public interest. This suggests the program review and other procedures for assessing responsible and responsive service.

There is little unanimity with respect to the meaning of accountability for the independent sector. But it is likely that working out that meaning, in a way that is appropriate and sensitive to the interests both of the state and of the institutions, and that invites the participation of the independent sector, and the fairness and objectivity of the agents of the state, will be a challenging area of policy development in coming years.

Conclusion

The coming decade is sure to be turbulent and difficult for higher education. Few significant issues will be resolved without contention. It will be hard to keep the public interest foremost, as institutions and sectors struggle for position and resources. But the contribution of the

independent sector to the state goals for postsecondary education are such that decision makers must consider both the interest and voice of the independent and proprietary institutions as state policy is developed with respect to the foregoing issues. Those sectors must be adequately organized and prepared to engage in the development of state policies in a cooperative and constructive spirit, a spirit which, widely enough shared, will ameliorate some of the negative possibilities in the future environment of postsecondary education.

That cooperative spirit, however, will of itself not be enough. It is also necessary--critically important--that the policies and programs that are developed in response to these issues be initiated in the context of a plan or a comprehensive approach. Such a plan should consider educational needs and objectives of all citizens, and how the resources--of both public and independent institutions--can be most effectively and efficiently utilized to meet these needs and achieve these objectives.

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APPENDIX A

STATE SUPPORT FOR INDEPENDENT HIGHER EDUCATION, 1979-80

by

James D. Olliver, Vice President
North Carolina Association of Independent
Colleges and Universities

STATE SUPPORT FOR INDEPENDENT

HIGHER EDUCATION, 1979-80

Funding initiatives described in this compilation are primarily the major, general purpose scholarship and grant programs, and the significant direct aid programs, both categorical and noncategorical. Wherever possible, support for undergraduate programs and activities only have been cited. Excluded, therefore, are the six general graduate scholarship and grant programs in California, Connecticut, Michigan, New Jersey, New York and Texas and the categorical graduate assistance programs to either students and/or institutions in almost half the states (mostly in the medical fields).

Programs have been divided into three categories: (1) Direct Aid, (2) Student Aid (Independents only) and (3) Student Aid (State and Independents). The differing forms of assistance do not all fall neatly into these categories, and appropriate cross-references have been made. Brief descriptions of the programs in the first two categories are included. The need-based public/private programs are well-described by Boyd and others, and are therefore merely listed here. Programs authorized, but not funded, have not been included.

The dollar figures following each program title/description reflect 1978-79 appropriations. Descriptions of the programs themselves include information for 1979-80 and, in some cases, projections for 1980-81.

DIRECT INSTITUTIONAL AID (RELATING TO UNDERGRADUATE EDUCATION) -- CATEGORICAL AND NONCATEGORICAL

- Alabama: Unrestricted appropriations to four independent institutions, ($2.5 million)

- Connecticut: Contract Students w/Independent Colleges. (See: STUDENT ASSISTANCE - INDEPENDENT ONLY)

- Illinois: Financial Assistance Act - Direct institutional aid based on FTE 1978-79 allocations — $108 per freshman and sophomore, $216 per junior and senior. ($9.2 million)

- Louisiana: Reimbursement Grants - Payments made directly to independent colleges @ $150 per resident FTE per semester with a maximum of 8 semesters for each undergraduate and 8 semesters for each graduate or professional student. ($1.8 million)

- Maryland: State Support to Nonpublic Institutions - Direct noncategorical payments to nonpublic institutions by formula: 20 percent of state general fund support per FTE in 1980. ($6.2 million)

- Capital Funding - Maryland has a history of providing capital funds to private colleges and universities. Capital improvements approved by the 1979 Legislature included: $1,000,000 for construction of a Preclinical Teaching Building and $325,000 for modification of physical plant to Johns Hopkins University, $625,000 for renovation and conversion of space to the Maryland Institute College of Art, and $375,000 for renovation and conversion of space to Western Maryland College. (Funding for 1978-79: $2.3 million)

- Massachusetts: Matching Scholarship Grants. (See STUDENT ASSISTANCE -- INDEPENDENT ONLY.)

- Michigan: Degree Reimbursement -- Direct aid to independent institutions per number of degrees awarded. For 1979-80: $260 per associate degree; $520 per baccalaureate degree. ($2.8 million

  Allied Health Grants -- Reimbursements to independent institutions for degrees granted in allied health programs @ $1300 per degree in 1979-80. ($432,000)

- Minnesota: Contracts w/Independent Institutions -- Direct payments to independent colleges based on a maximum $400 per grant-in-aid (GIA) recipient in 2-yr. institutions and $500/GIA recipient in 4-yr institutions. Maximum grants for residents not receiving GIA are $150/student in 4-yr. institutions and $120/student in 2/yr. institutions. ($4.8 million)

- New Jersey: Independent College and University Assistance Program -- This new formula funding plan, established by the 1979 Legislature, provides support to independent institutions on a per FTE New Jersey student basis at 25 percent of the per-student state support of NJ 4-yr. public institutions. Funds derived from the total pool of NJ students in independent colleges are distributed to institutions as follows: 10 percent across-the-board, 35 percent for students receiving $1000 or more in aid, and 55 percent on the basis of NJ students enrolled. ($8 million was appropriated for 1978-79 in the two contractual programs which were succeeded by the new formula plan).

  Educational Opportunity Fund -- Program Support -- Direct aid to participating institutions for services rendered in administering EOF grants. ($724,000)

- New York: Direct Institutional Aid (Bundy Aid) -- Awards to independent institutions based on degrees conferred. Effective 1980-81 awards will be $1200 per baccalaureate degree; $450 per associate degree. ($37.9 million in 1978-79 funded $330/assoc. and $940/bach. degree)

Higher Education Opportunity Program (See STUDENT ASSISTANCE -- INDEPENDENT ONLY).

- North Carolina: North Carolina Contract Grants (See STUDENT ASSISTANCE -INDEPENDENT ONLY).

- Oregon: Direct Aid to Independent Institutions -- Direct Grants to independent colleges through contracts for educational service: $535 for every 45 quarter hours of secular coursework completed. ($2.45 million)

- Pennsylvania: Direct Aid to State-Aided Institutions -- Support for 13 private (state-aided) institutions primarily focused on programs of benefit to the State. ($38.3 million)

  Institutional Assistance Grants -- Direct assistance to eligible institutions (other than "state-aided") for each scholarship recipient enrolled. Authorization level at $450 per recipient in 1979-80. ($12.6 million)

  Institutional Aid for Remedial Programs -- Grants to institutions with tutorial and remedial programs for disadvantaged students. ($1.6 million)

  Contracts w/Private Institutions -- Support for providing vocational education and occupation training, including programs for the disadvantaged and handicapped. ($736,000)

- Rhode Island: Funds provided to Bryant College to train business teachers. ($11,250)

STUDENT ASSISTANCE - INDEPENDENT COLLEGE STUDENTS ONLY

Need-Based

- Connecticut: Contract Students w/Independent Colleges -- Funds distributed to institutions based on FTE Connecticut undergraduates enrolled; 80 percent must be used for need-based student assistance. The amounts to the institutions cannot exceed 1/2 the difference in the average cost to the state of educating the same student. ($4.7 million)

- Indiana: Freedom of Choice Grants -- For residents who attend independent colleges and whose need is not met by the maximum awards under Indiana's two need-based public/private grant programs. ($3.6 million)

- Iowa: Tuition Grant Program -- For residents attending independent or proprietary institutions, with a maximum of $1500 not to exceed tuition and fees minus the amount that would be paid at a state institution. ($12.2 million)

- Kansas: Tuition Grant Program -- For residents attending independent colleges, with a maximum of $1000, tuition and fees, or need, whichever is less after the first $450 is paid by the student. ($3.7 million)

- Kentucky: Tuition Grants -- Maximum grant of $550 for educational costs. ($1.9 million)

- Massachusetts: Matching Scholarship Grants -- Institutions receive an amount equal to the scholarship assistance they are providing to needy Massachusetts full-time undergraduates. At least 50 percent of the funds must be given as financial aid to needy state residents -- the remaining funds are used at the institution's discretion. ($3.5 million)

  Consortia Scholarship Program -- Awards (max. $1000) to residents enrolled in independent colleges which are members of 3 consortia. Students must be enrolled in a program not offered by state institutions. ($150,000)

- Michigan: Tuition Grants -- Awards to needy graduate and undergraduate state residents authorized to a $1500 maximum. Funding for 1979-80 will actually provide for a $1300 maximum. (UG aid-$12.4 million)

- New York: Higher Education Opportunity Program -- Funds allocated to independent institutions to assist them in providing special educational opportunity for financially and/or educationally disadvantaged students. Two-thirds of the funds are to be used for student assistance. ($8 million)

- North Carolina: North Carolina Contractual Grants -- Each eligible institution receives $200 per FTE resident undergraduate enrolled on October 1. The funds are placed by the institution in a separate account and used during that fiscal year solely to aid needy state residents. ($4.8 million)

- North Dakota: Tuition Grant Program -- Awards to needy undergraduates -- new in 1979-80. The $100,000 appropriation for 1979-80 will provide $500 to each of the 200 neediest students.

- South Carolina: Tuition Grant Program -- Maximum of $2000 state assistance (1979-80) for tuition and fees, room and board charges. ($10.1 million)

- South Dakota: Tuition Equalization Grants -- New program in 1979-80 providing up to $250 to needy state residents. (1979-80 funding $175,000)

- Texas: Tuition Equalization Grants: Awards to full and half-time undergraduates and graduate students up to a maximum of 50 percent of the state appropriation per student in the state colleges and universities. ($9.8 million)

- Wisconsin: Tuition Grant Program -- Awards to full-and half-time undergraduates up to $1800. ($7.9 million)

Non-Need-Based

- Alabama: Alabama State Tuition Grants -- $550 to each full-time resident enrolled. ($3 million)

- Florida: State Tuition Voucher Fund -- $750 to every freshman (1979-80), and freshman and sophomore (1980-81) who attend a Florida independent college who were graduated from a Florida high school, and who have been residents of the state for two years. ($2 4 million in 1979-80)

- Georgia: Tuition Equalization Grants -- $600 to each full-time resident undergraduate, with summer school students eligible for an additional $200. ($8.5 million)

- Michigan: Tuition Differential Grants -- Each full-time freshman attending an independent college in 1978-79 received a $500 award; each part-time freshman (6 hours or more) received $250. The program is to be phased in: one new class each year. ($6.2 million)

- North Carolina: North Carolina Legislative Tuition Grants -- $475 to each state resident enrolled full-time, with a scheduled increase to $550/student in 1980-81. ($9.0 million)

- Virginia: Tuition Assistance Grant Program -- $550 to each state resident enrolled full-time ($5.5 million)

*STUDENT ASSISTANCE - STATE AND INDEPENDENT COLLEGE STUDENTS
(Need-based unless otherwise noted)

- Alabama: State Student Assistance Program -- ($260,000)

- Alaska: Scholarship Loan Program -- ($15,000)

- Arizona: Incentive Grant Program -- ($79,800)

- Arkansas: State Scholarship Program -- ($260,000)
- California: Cal Grant A (State Scholarships) -- ($47,828,000)
  Cal Grant B (College Opportunity Grants ($5,384,000)
  Cal Grant C (Occupational/Training Grants ($575,000)
- Colorado: State Student Incentive Grants -- under constitutional challenge.
- Connecticut: State Scholarship Programs -- ($2,070,000)
- Delaware: Higher Education Scholarship Program ($137,500)
- District of Columbia: State Student Incentive Grant Program ($696,000)
- Florida: Student Assistance Grants -- ($4,060,000)
- Georgia: Incentive Scholarship Program -- ($1,049,000)
- Hawaii: Student Incentive Grants -- ($49,600 -- matching private/ federal funds)
- Idaho: Student Incentive Grants -- ($37,000)
  State Merit Scholarship Program -- ($13,000)
- Illinois: Monetary Award Program -- ($53.4 million)
- Indiana: State Scholarship Program -- ($7,155,000)
  Educational Grant Program -- ($1,525,460)
- Iowa: State Scholarship Program -- ($364,000)
- Kansas: State Scholarships -- ($150,000)
- Kentucky: State Grants -- ($900,000)
- Louisiana: State Student Incentive Grants -- ($113,000)
- Maine: Incentive Grants -- ($218,000)
- Maryland: General State Scholarships -- ($764,000)
  Senatorial Scholarships -- ($602,000)
  House of Delegates Scholarships -- ($17,600)
  Distinguished Scholar Program -- (New in 1979-80 -- merit based $500 awards)
- Massachusetts: General Scholarships -- ($11,673,000)

- Michigan: Competitive Scholarships - ($4.2 million)

- Minnesota: State Scholarship Program -- ($4.9 million)
  Grants-in-Aid Program -- ($5.9 million)

- Mississippi: State Incentive Grants -- ($469,000 -- matching private/ federal funds)

- Missouri: Student Grant Program -- ($4.1 million)

- Montana: Incentive Grants -- ($263,000)

- Nebraska: State Student Scholarship Program -- under constitutional challenge

- Nevada: Incentive Grants -- ($17,200)

- New Hampshire: Incentive Program -- ($172,000)

- New Jersey: Tuition Aid Grants -- ($8.3 million)
  Garden State Scholars Program -- (merit-based -- $2.0 million)
  Educational Opportunity Grants -- ($1.7 million)

- New Mexico: Incentive Grants -- ($186,500)

- New York: Tuition Assistance Program -- ($108.3 million)
  Regents College Scholarship Program -- (competitive and non-need based -- $8.4 million)

- North Carolina: State Student Incentive Grants -- ($896,000)

- North Dakota: Student Financial Assistance Program -- ($32,700)

- Ohio: Ohio Instructional Grants -- ($10 million)
  Academic Scholarship Program -- ($281,000)
  War Orphans Scholarships -- ($27,900)
  National Guard Grants -- ($38,700)

- Oklahoma: Tuition Aid Grants -- ($805,000)

- Oregon: Need Grants -- ($1.2 million)
  Cash Awards -- ($140,000)

- Pennsylvania: Higher Education Grant Program -- ($46 million)

- Rhode Island: Scholarship Program -- New -- ($436,000)
  Scholarship Program -- Old -- ($765,000)
  Grant Program -- New -- ($727,000)

- South Dakota: Incentive Grants -- ($119,250)

- Tennessee: Student Assistance Award Program -- ($2.8 million)
- Texas: Student Incentive Grants -- ($2.1 million)
- Utah: Incentive Grants -- ($836,000)
- Vermont: Incentive Grant Program - ($1.9 million)
- Virginia: College Scholarship Assistance Program -- ($1.2 million)
- Washington: State Need Grant -- ($1 million)
  State Work-Study Program -- ($912,000)
- West Virginia: Higher Education Grants -- ($1.5 million)
- Wisconsin: Indian Student Assistance -- ($275,000)
  Deaf and Visually Handicapped Aid -- ($12,250)
  Talent Incentive Grants -- ($743,000)

*Note: Appropriations include federal SSIG funds where state match for independent college students is allowed by law.

For further information see:

- Education Commission of the States, Higher Education in the States, Volume 7, Number 3, 1979.
- National Association of State Scholarship and Grant Programs, 11th Annual Survey, 1979-80 Academic Year, 1979.
- State-National Information Network of the National Institute of Independent Colleges and Universities, Report on State Legislative Activity, 1979 Session, 1979.